

COMMITTEE ON PUBLIC WORKS AND PURCHASING
(Standing Committee of Berkeley County Council)

Chairman: Mr. Robert O. Call, Jr., Council District No. 3

A **meeting** of the **COMMITTEE ON PUBLIC WORKS AND PURCHASING**, Standing Committee of Berkeley County Council, was held on **Monday, September 14, 2009**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 6:57 p.m.

PRESENT: Chairman Robert O. Call, Jr., Council District No. 3; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Jack H. Schurlknight, Council District No. 6; Committee Member Caldwell Pinckney, Jr., Council District No. 7; Committee Member Steve C. Davis, Council District No. 8; County Supervisor Daniel W. Davis, ex officio; Ms. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

During periods of discussion and/or presentations, minutes are typically condensed and paraphrased.

Chairman Call called the meeting to order and asked for approval of minutes from the meetings of the Committee on Public Works and Purchasing held August 10, 2009 and August 24, 2009.

It was moved by Committee Member S. Davis and seconded by Committee Member Pinckney to **approve** the minutes as presented. The motion passed by unanimous voice vote of the Committee.

A. Ms. Christy C. Davis-Forbes, CPPB, Buyer, Re: Bid Correction: (Bid No. 44104-01-09/10) Medical Supplies and Medications for Berkeley County Emergency Medical Service.

Ms. Davis-Forbes stated the vendor that was originally awarded the contract was unable to honor the pricing for Lot C and was considered "Non-Responsive". The bid was rescinded and the contract was awarded to Bound Tree Medical as the next lowest bidder in the amount of \$44,543.40. The difference is \$5,172.65 for the entire lot.

It was moved by Committee Member S. Davis and seconded by Committee Member Schurlknight to **approve** awarding the contract for Medical Supplies and Medications for Berkeley County Emergency Medical Service to Bound Tree Medical in the amount of \$44,543.40. The motion passed by unanimous voice vote of the Committee.

B. Mr. Mark Schlievert, Director of Solid Waste and Mr. Frank Carson, Berkeley County Engineer, Re:

1. Standardization of Heavy Equipment.

Mr. Carson requested the standardization of heavy equipment to Caterpillar equipment for the Roads & Bridges Department and Berkeley County Water & Sanitation. The reliability and durability of the equipment along with the higher resale value, availability of dealer parts, comprehensive service program, extended warranty program and expedited delivery are the advantages of the sole source purchasing.

Mr. Carson further stated that various motor graders and excavators have also been used by Roads & Bridges department such as Volvo and Komatsu. Caterpillar offers the full range of equipment that is utilized in Roads & Bridges. The Leeboy paving equipment has also been purchased by Caterpillar.

Mr. Carson stated that Blanchard Machinery is the regional dealer for Caterpillar equipment. The bids from other Caterpillar dealers have not been competitive. The Customer Service Agreements offered by Blanchard Machinery alleviate many problems.

Committee Member S. Davis also inquired as to the discounts offered by Blanchard Machinery as the County's sole source for Caterpillar.

Mr. Schlievert replied the County receives the government discount from Caterpillar. Blanchard Machinery has assisted with warranty issues.

Committee Member Farley stated that he had received calls from other vendors that would be eliminated from bidding on the heavy equipment and Committee Member Fish expressed concern regarding the sole source purchasing. A previous bid from Industrial Tractor was lower than Caterpillar. Mr. Schlievert responded that only Blanchard Machinery submitted a qualifying bid.

Committee Member Fish stated that previously it had been mentioned that Caterpillar was an American Company but John Deere is also an American company and has a government contract. What is the difference between John Deere and Caterpillar in terms of quality?

Mr. Schlievert responded that documentation from the Maintenance Manager shows that the John Deere tractor that was purchased three years ago, had to have an undercarriage replaced at 1,930 hours. The two D-7 Caterpillar tractors had undercarriages replaced at 3,031 hours and 3,531 hours, respectively. This illustrates the amount of maintenance required on the John Deere tractors.

Committee Member Callanan stated that if competitive bids are no longer taken on the heavy equipment, Blanchard Machinery would have no incentive to be competitive.

Mr. Carson responded that based on 18 years of experience with Berkeley County, other equipment requires higher maintenance costs. A total cost bid has been previously used when purchasing equipment. This type of bid shows the residual value, the repair costs and a guaranteed buy back.

Committee Member S. Davis stated that sole source could be Caterpillar equipment without making Blanchard the only supplier.

Mr. Carson stated that Blanchard is the regional dealer for the state and has offered a higher trade in value on the old equipment than Wood Auction.

Committee Member Schurlknight stated the cost for Caterpillar equipment is going to be the government price, regardless of the bidding procedure. The Capital Improvement Fund is being utilized to purchase the equipment and this creates a savings from the Lease Purchase interest. The equipment has a higher resale value. Equipment needs to be replaced before the maintenance costs outweigh the resale value.

Chairman Call inquired if the Caterpillar equipment is serviced by the John Deere dealer?

Mr. Schlievert responded that major repairs to equipment are sent to bid. Other vendors have been awarded the contract to repair the equipment.

Chairman Call stated the John Deere vendor can repair the equipment cheaper than the Caterpillar dealer, to which Mr. Schlievert responded that the John Deere vendor utilizes their own parts to perform the repairs.

Mr. Schlievert continued that an evaluation could be performed every year on the Caterpillar equipment. A contract clause could stipulate that it will be reviewed annually and recommendations would be made to County Council regarding the performance.

Committee Member S. Davis expressed support for the standardization of the heavy equipment. He did not support giving the sole source to Blanchard Machinery.

Mr. Hamer, Procurement Director, stated that Caterpillar, not Blanchard Machinery, sets the territory for their equipment. Vendors in the surrounding states cannot bid against Blanchard, because they have the territory dealership. Other vendors can only bid on used equipment.

Committee Member Fish stated that \$42,000 was saved on a past bid. With a large contract, there should be substantial savings. The Capital Improvements Fund needs additional funds and a bid process would prove the most cost efficient.

Mr. Carson stated that the cheapest bid would not be for a Caterpillar or John Deere. The taxpayers would not be well served with the cheapest equipment. There has not been a Fleet Management System in place since 2000 that would allow for a review of maintenance records.

Committee Member C. Davis inquired as to why the recommendation was for five years and Mr. Carson replied that the equipment that is to be replaced is 15 years old.

Mr. Schlievert stated that much of the landfill equipments' life expectancy is five years. Beyond that point in time, the maintenance costs are very high.

Mr. Carson replied there is no intention to lock in exclusively for a period of time. If the performance is not satisfactory next year, a change would be recommended.

Committee Member S. Davis stated the contract needs to be placed on a year-to-year basis. There is an obligation to spend taxpayer's dollars wisely.

Mr. Carson stated that standardization is the criteria for sole source. The standardization is for Caterpillar equipment. The sole source to Blanchard Machinery is by virtue of the regional franchise.

Chairman Call stated there would be no concern if John Deere did not make equipment that would perform the same function as the Caterpillar equipment.

Mr. Carson stated the recommendation is for Caterpillar equipment. He inquired if County Council would like to consider other equipment manufacturers?

Chairman Call responded with support for the standardization of the heavy equipment and the recommendation for Caterpillar equipment. He requested examples of the residual value of Caterpillar versus John Deere equipment. Will the higher purchase price be recoupable when the equipment is sold?

Mr. Hamer stated in the past, equipment was kept until it became unusable. Past auction experience showed that the Caterpillar equipment retained a higher value. Blanchard Machinery has offered a guaranteed buy back price after five years.

Committee Member Pinckney inquired as to the guaranteed buy back price on a John Deere tractor and Mr. Hamer responded there is no guaranteed buy back price on the John Deere tractor.

Committee Member Fish stated the recommendation is for Caterpillar equipment only. He was not convinced that Caterpillar is the only equipment that could perform equally well with the value. The sole source for Caterpillar would eliminate any other manufacturers.

Chairman Call stated the standardization of the heavy equipment fleet is a very important consideration.

Committee Member Schurlknight stated that Mr. Schlievert's suggestion to annually review the contract was excellent. There is no comparison with Caterpillar heavy equipment.

Chairman Call stated there would be some measure of competition if the contract is reviewed annually. He further stated that a representative from John Deere would like to address the Committee.

Mr. Mark Flanders, representing Industrial Tractor Company, the local John Deere dealer, addressed the Committee and stated that he handles government accounts for 18 counties in South Carolina. Berkeley County is the only county that would even consider the sole source purchasing of a specific type of machinery. Historically, the vendor would then have a lock on the business. There is proof that when Blanchard has the sole source, the prices are higher. In Mr. Flanders' opinion Komatsu, John Deere and Caterpillar are the three best pieces of machinery one may own. Caterpillar does have higher resale value; that cannot be disputed. But they also have much higher front end costs and their parts and repair costs are higher, so high in fact, that in some cases the John Deere dealer has performed repairs on Caterpillar machinery. That alone tells one that John Deere can beat Caterpillar at their own game, and in some cases using some of their own parts. Also, on the subject of resale value, many other counties do not trade in their machinery to a dealership at the end of its useful life. A dealership must make money, therefore the dealership must give one wholesale not retail prices. Other counties that John Deere deals with sell their surplus machinery on govdeals.com, which is an online auction company that allows one to sell the machinery on line, similar to E-Bay, but there may be fifty or sixty different buyers looking at one piece of machinery. Hampton County uses this method; Berkeley County could definitely utilize that source. Hampton County shipped a truck to Jamaica, and got top dollar for that piece of used machinery. That takes the whole trade issue out of the picture. This is a way to get the retail price for the machinery. Frank referred to auctions and values, they are in the business of auctioning machinery; they are selling to wholesalers, not retail customers – not end users. They only know about the auction values.

Mr. Flanders continued that John Deere makes and/or represents every piece of machinery that is at the Landfill. The John Deere dozer purchased two years ago, has experienced zero (0) down time. It has been an excellent machine for the county. The undercarriage had to be replaced but that is common with dozers.

Committee Schurlknight asked if 1900 hours was common for a dozer? Mr. Flanders responded that the hours varies and depends upon machine usage; and is largely based on operator habits. For instance, if the operator uses high-speed reverse, that eats up the undercarriage seven times faster than in forward.

It was moved by Committee Member Schurlknight and seconded by Committee Member Fish to hold for two weeks the Standardization of Heavy Equipment and the Sole Source request for certain heavy equipment.

This would give Mr. Carson and Mr. Schielvert an opportunity to compare the models, manufacturers, the cost of maintenance, and the down time of such equipment.

Mr. Carson explained to the Committee that this matter was time sensitive in that prices had been provided based on delivery and an order date of October 1, 2009. If open bids for equipment are required the process will be slowed down.

Chairman Call asked if there was a Blue Book available that one may compare the residual value of the equipment and can the information be provided to the Committee in two weeks?

Mr. Carson responded they would do the very best they could to get that information together for a Special Meeting of Public Works and Purchasing on September 28, 2009.

Committee Member S. Davis indicated he had some information in regard to govdeals.com and the county should maximize any and all efforts that would allow a wide range of individuals to bid on the equipment. He thanked the John Deere representative for providing that information. Committee Member Davis further encouraged the research into other counties, similar to Berkeley, as to what methods they utilize when confronted with similar situations.

Committee Member Callanan indicated that the County does utilize govdeals.com to liquidate some of the county's equipment.

Mr. Hamer confirmed that the county uses govdeals.com for vehicles. During the budget process, however, the prices cannot be confirmed. Two auction companies and Blanchard were contacted and all provided prices. Blanchard Machinery had the best trade in prices.

Committee Member S. Davis indicated that Blanchard is stating in advance what they will pay for the equipment in three or four years. The equipment could be in excellent condition but the prices have already been locked in.

Mr. Schlievert responded that Blanchard provided the option that at the end they would buy the equipment back at X amount of dollars or it could be paid off and then could be handled in whatever fashion the county chose. In the past, the county has used auction companies such as JM Woods, that would guarantee a price. The deciding factor would depend upon who paid more, Caterpillar or the auction company.

The motion passed by unanimous voice vote of the Committee.

C. Consideration prior to First Reading of an ordinance to amend Ordinance No. 97-4-18 to allow for changes in the preference that is given to Berkeley County and South Carolina businesses in the awarding of county contracts.

MAIN MOTION

It was moved by Committee Member Fish and seconded by Committee Member Schurlknight to approve prior to First Reading of an ordinance to amend Ordinance No. 97-

4-18 to allow for changes in the preference that is given to Berkeley County and South Carolina businesses in the awarding of county contracts.

Committee Member S. Davis asked for consideration to be provided to local minority businesses in this County, if they met the bid qualifications and not to include any set asides. Committee Member Davis indicated that other counties could be consulted as to how they provide consideration in regard to minorities.

Committee Member Farley suggested that the Legal Department contact the South Carolina Association of Counties who may already have such information.

Mr. Hamer explained that presently the local preference is a 2% preference for in-county vendors and that means the county would actually pay in-county vendors 2% more than the apparent low bidder. Also a state preference allows for a 2% preference for in-state vendors. The change would be to increase the preference to 5% and state that if the in-county bidder or in-state bidder is within 5% of the low bid they would have the right to meet the low price.

Committee Member S. Davis stated that did not meet his request in regard to minorities. The appropriate language should be so stated in the ordinance.

Mr. Carson, indicated that the term “disadvantaged” is a term used by the state and other funding agencies in dealing with such situations. There are several methods in the counties’ C Fund program, for example, in the bid document there is a 5% minority and a 5% female. In the federal, state and county agencies there are many systems available. The question is, would the county disqualify a bidder or a contractor? They are two entirely different things. And the point is, if there are 46 counties, there would be 46 different methods.

Committee Member Callanan further asked who would make the decision as to what determines what a local or county business is and what the qualifications would be. In a particular case, a bid was granted to a county business when in fact the other bidder had an office in the county, but the main office was not in the county. It is recommended that the ordinance be amended to clarify as to what qualifies as a county business. There must be more than just a post office box.

Mr. Hamer explained that the county had referenced guidelines from the state and from Charleston and Beaufort Counties. Also the existing ordinance excludes construction but construction will be included in this amendment.

Ms. Nicole Ewing, County Attorney, confirmed that staff had been tasked with researching how certain other counties handle like situations, rather than amending at this first reading. This would give staff an opportunity to conclude the research and provide that information to Council and determine at that time, with a guarantee to research the minority issue.

AMENDMENT TO MAIN MOTION BY INSERTION

It was moved by Committee Member S. Davis and seconded by Committee Member Pinckney to amend the main motion by insertion "Minority and local businesses". The motion passed by unanimous voice vote of the Committee.

AMENDED MOTION BECOMES MAIN MOTION

It was moved by Committee Member Callanan and seconded by Committee Member Schurlknight to **approve** prior to **First Reading** of an **ordinance** to **amend Ordinance No. 97-4-18** to allow for changes in the preference that is given to Berkeley County, South Carolina, Minority and Local businesses in the awarding of county contracts. The motion passed by unanimous voice vote of the Committee.

It was moved by Committee Member Fish and seconded by Committee Member S. Davis to **adjourn** the Committee on Public Works & Purchasing meeting. The motion passed by unanimous voice vote of the Committee.

The meeting ended at 8:10 pm.

October 12, 2009

Date Approved

PUBLIC WORKS AND PURCHASING
(Standing Committee of Berkeley County Council)

Chairman: Mr. Robert O. Call, Jr., District No. 3

Members: Mr. Phillip Farley, District No. 1
Mr. Timothy J. Callanan, District No. 2
Mrs. Cathy S. Davis, District No. 4
Mr. Dennis Fish, District No. 5
Mr. Jack H. Schurlknight, District No. 6
Mr. Caldwell Pinckney, Jr., District No. 7
Mr. Steve C. Davis, District No. 8
Mr. Daniel W. Davis, Supervisor, ex officio

A **meeting** of the **COMMITTEE ON PUBLIC WORKS AND PURCHASING**, Standing Committee of Berkeley County Council, will be held on **Monday September 14, 2009**, following the meetings of the Committees on Water and Sanitation, Community Services, Justice and Public Safety and Land Use at **6:00 p.m.**, in the Assembly Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

AGENDA

APPROVAL OF MINUTES

August 10, 2009

August 24, 2009

A. Ms. Christy C. Davis-Forbes, CPPB, Buyer, Re: Bid Correction: (Bid No. 44104-01-09/10) Medical Supplies and Medications for Berkeley County Emergency Medical Service.

B. Mr. Mark Schlievert, Director of Solid Waste and Mr. Frank Carson, Berkeley County Engineer, Re:

- 1.** Standardization of Heavy Equipment.
- 2** Sole Source request for certain heavy equipment.

C. Consideration prior to **First Reading** of an **ordinance** to **amend Ordinance No. 97-4-18** to allow for changes in the preference that is given to Berkeley County and South Carolina businesses in the awarding of county contracts.

September 9, 2009
S/Barbara B. Austin, CCC
Clerk of County Council